

# TheACTUARY

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# Making actuarial nonsense of the future...

*I WAS IN THE STAPLE INN LIBRARY THE OTHER DAY – carrying out research for another hard-hitting editorial – when I drifted into a doze at my desk, fell off my chair, and smashed my head on a bookcase. Most disconcerting, you might think. But what happened next was more disconcerting. The bookcase, with an eerie creak, swivelled slowly round to reveal the entrance to a hitherto obscured little room. I made some tentative steps towards and into this room and, after some poking around, discovered that I had inadvertently stumbled upon a portal to the actuarial future, to a room containing hundreds upon hundreds of dusty books that had been written in the future. I opened one at random – a book published in 2110 called Figgis Consulting – the changing face of actuarial consultancy over the ages – which contained the following reminiscences.*



## Reginald Smith, FIA 1950:

'When I started out some 50 years ago, Figgis Consulting was very different from now. Old Arthur Figgis would rule with an iron rod. Work started at nine sharp, and if you were one minute late he'd write your name in his little book. Two minutes late, and he'd dock a penny off your wages. Three minutes late, he'd administer a firm kick to the seat of your trousers. I don't remember anyone being four minutes late.

'Computers have changed things beyond all recognition. We used to have to do all our figures in our heads or on a slide rule. No stochastic modelling in those days. And we had to use typewriters for all our correspondence. If there was an error in a report we would rip out the entire page – quite often with our teeth – and start again from scratch. None of this "cut and paste" cop-out.

'It is much more bureaucratic now; if you forget to renew your scheme actuary certificate, you get hauled in front of some committee and your name is printed in *The Actuary*. When I started, any misdemeanour was dealt with in a more genteel, informal fashion: the partners of the firm would take you down to the local park and throw you in the duckpond.'

## Geraint Travers, FIA 2000:

'I remember turning up to work early one morning, many years ago, to find Jonathan Figgis holding a meeting with himself. He had been appointed by his client – a company that sponsored a final salary pension scheme – to consult the actuarial adviser to the trustees of the scheme. Which was himself. He would sit at one side of the table and suggest a discount rate, then scoot round the other side and suggest a lower one. He would then rush back round, thump the table, shout a higher number and waggle his eyebrows at the empty chair opposite. By a process of compromise he would settle

on an assumption that was mutually acceptable to both parties. These days you have the concept of "conflict of interest" to spare you such a performance.

'I joined the profession as an associate of the Faculty of Actuaries (which was shortly thereafter merged into the Institute) and had to sit a bewildering array of examinations. I had to sit an exam on general insurance, despite working in pensions consultancy, and I'm not 100% convinced that I didn't have to sit a Latin exam. Back then you could sit the exams while working as a 'student actuary'; there was no requirement to start work fully qualified with an actuarial degree. They'd take anyone on – mathematicians, economists, physicists. Any old riff-raff!

'The first decade of this century was a time of great change for the profession, and it looked as if it was going to be marginalised by the bankers and accountants. But around the time of the great flu epidemic a rejuvenation could be seen, and by 2015 actuaries were as sought after as ever. The number of actuaries was greatly reduced, of course – one speaker sneezed at the 2007 GIRO convention and that was curtains for the rest of the delegates – but the skills were much in demand.'

## Thomas Pinkerton, FIA 2050:

'In respect of the ongoing initiative on thought leadership in relation to the global factors across the actuarial profession matrix, much concern has been expressed in relation to the leveraging impact of cross-practice factors as they relate to the development of strategies going forwards. The global enhancement in relation to the initiative in respect of the relation in which the growth matrix factors into the revenues of the initiative matrix with respect to...' *continued on p94*

 TIMOTHY BRAMHAM